

AMENDED IN SENATE JUNE 28, 2005

AMENDED IN SENATE JUNE 15, 2005

AMENDED IN ASSEMBLY APRIL 5, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1361

Introduced by Assembly Member Dymally
(Coauthors: Assembly Members Goldberg, Karnette, and
Oropeza)
(Coauthors: Senators Bowen, Cedillo, Murray, and Vincent)

February 22, 2005

An act to amend Section 7073 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1361, as amended, Dymally. Enterprise zones: designation period.

The Enterprise Zone Act provides for the designation of enterprise zones in the state by the Department of Housing and Community Development, pursuant to which qualifying entities may receive certain tax, regulatory, and program incentives for economic development activities in the zone. A designation made by the department is binding for a period of 15 years from the date of the original designation, except that the designation for enterprise zones *designated pursuant to these or other specified provisions prior to 1990 and meeting specified criteria* may total 20 years.

This bill ~~additionally~~ *instead* would provide that the designation period for ~~specified~~ enterprise zones *designated pursuant to these provisions or the other specified provisions as they read prior to*

January 1, 1997, and meeting the specified criteria, may total 25 years.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7073 of the Government Code is
2 amended to read:

3 7073. (a) Except as provided in subdivision (e), any city,
4 county, or city and county with an eligible area within its
5 jurisdiction may complete a preliminary application for
6 designation as an enterprise zone. The applying entity shall
7 establish definitive boundaries for the proposed enterprise zone
8 and the targeted employment area.

9 (b) (1) In designating enterprise zones, the department shall
10 select from the applications submitted those proposed enterprise
11 zones that, upon a comparison of all of the applications
12 submitted, indicate that they propose the most effective,
13 innovative, and comprehensive regulatory, tax, program, and
14 other incentives in attracting private sector investment in the
15 zone proposed.

16 (2) For purposes of this subdivision, regulatory incentives
17 include, but are not limited to, all of the following:

18 (A) The suspension or relaxation of locally originated or
19 modified building codes, zoning laws, general development
20 plans, or rent controls.

21 (B) The elimination or reduction of fees for applications,
22 permits, and local government services.

23 (C) The establishment of a streamlined permit process.

24 (3) For purposes of this subdivision, tax incentives include,
25 but are not limited to, the elimination or reduction of construction
26 taxes or business license taxes.

27 (4) For the purposes of this subdivision, program and other
28 incentives may include, but are not limited to, all of the
29 following:

30 (A) The provision or expansion of infrastructure.

31 (B) The targeting of federal block grant moneys, including
32 small cities, education, and health and welfare block grants.

1 (C) The targeting of economic development grants and loan
2 moneys, including grant and loan moneys provided by the federal
3 Urban Development Action Grant program and the federal
4 Economic Development Administration.

5 (D) The targeting of state and federal job disadvantaged and
6 vocational education grant moneys, including moneys provided
7 by the federal Job Training Partnership Act of 1982 (Public Law
8 97-300).

9 (E) The targeting of federal or state transportation grant
10 moneys.

11 (F) The targeting of federal or state low-income housing and
12 rental assistance moneys.

13 (G) The use of tax allocation bonds, special assessment bonds,
14 bonds under the Mello-Roos Community Facilities Act of 1982
15 (Chapter 2.5 (commencing with Section 53311) of Part 1 of
16 Division 2 of Title 5), industrial development bonds, revenue
17 bonds, private activity bonds, housing bonds, bonds issued
18 pursuant to the Marks-Roos Local Bond Pooling Act of 1985
19 (Article 4 (commencing with Section 6584) of Chapter 5),
20 certificates of participation, hospital bonds, redevelopment
21 bonds, school bonds, and all special provisions provided for
22 under federal tax law for enterprise community or empowerment
23 zone bonds.

24 (5) In the process of designating new enterprise zones, the
25 department shall take into consideration the location of existing
26 zones and make every effort to locate new zones in a manner that
27 will not adversely affect any existing zones.

28 (6) In designating new enterprise zones, the department shall
29 include in its criteria the fact that jurisdictions have been
30 declared disaster areas by the President of the United States
31 within the last seven years.

32 (7) When reviewing and ranking new enterprise zone
33 applications, the department shall give special consideration or
34 bonus points, or both, to applications from jurisdictions that meet
35 at least two of the following criteria:

36 (A) The percentage of households within the census tracts of
37 the proposed enterprise zone area, the income of which is below
38 the poverty level, is at least 17.5 percent.

39 (B) The average unemployment rate for the census tracts of
40 the proposed enterprise zone area was not less than five

1 percentage points above the statewide average for the most recent
2 calendar year as determined by the Employment Development
3 Department.

4 (C) The applicant jurisdiction has, and can document that it
5 has, a unique distress factor affecting long-term economic
6 development, including, but not limited to, resource depletion,
7 plant closure, industry recession, natural disaster, or military base
8 closure.

9 (c) In evaluating applications for designation, the department
10 shall ensure that applications are not disqualified solely because
11 of technical deficiencies, and shall provide applicants with an
12 opportunity to correct the deficiencies. Applications shall be
13 disqualified if the deficiencies are not corrected within two
14 weeks.

15 (d) (1) Except as provided in paragraph (2) , or upon
16 dedesignation pursuant to subdivision (c) of Section 7076.1 or
17 Section 7076.2, a designation made by the department shall be
18 binding for a period of 15 years from the date of the original
19 designation.

20 (2) The designation period for any zone designated pursuant to
21 ~~either Section 7073 or 7085 prior to 1990~~ *this section or Section*
22 *7085, as it read prior to January 1, 1997*, may total 25 years,
23 subject to possible dedesignation pursuant to subdivision (c) of
24 Section 7076.1 or Section 7076.2, if the following requirements
25 are met:

26 (A) The zone receives a superior or passing audit pursuant to
27 subdivision (c) of Section 7076.1.

28 (B) The local jurisdictions comprising the zone submit an
29 updated economic development plan to the department justifying
30 the need for an additional five years by defining goals and
31 objectives that still need to be achieved and indicating what
32 actions are to be taken to achieve these goals and objectives.

33 (e) (1) Notwithstanding any other provision of law, any area
34 designated as an enterprise zone pursuant to Chapter 12.8
35 (commencing with Section 7070) as it read prior to January 1,
36 1997, or as a targeted economic development area, neighborhood
37 economic development area, or program area pursuant to Chapter
38 12.9 (commencing with Section 7080) as it read prior to January
39 1, 1997, or any program area or part of a program area deemed
40 designated as an enterprise zone pursuant to Section 7085.5 as it

1 read prior to January 1, 1997, shall be deemed to be designated
2 as an enterprise zone pursuant to this chapter. The effective date
3 of designation of the enterprise zone shall be that of the original
4 designation of the enterprise zone pursuant to Chapter 12.8
5 (commencing with Section 7070) as it read prior to January 1,
6 1997, or of the program area pursuant to Chapter 12.9
7 (commencing with Section 7080) as it read prior to January 1,
8 1997, and in no event may the total designation period exceed 15
9 years, except as provided in paragraph (2) of subdivision (d).

10 (2) Notwithstanding any other provision of law, any enterprise
11 zone authorized, but not designated, pursuant to Chapter 12.8
12 (commencing with Section 7070) as it read prior to January 1,
13 1997, shall be allowed to complete the application process started
14 pursuant to that chapter, and to receive final designation as an
15 enterprise zone pursuant to this chapter.

16 (3) Notwithstanding any other provision of law, any expansion
17 of a designated enterprise zone or program area authorized
18 pursuant to Chapter 12.8 (commencing with Section 7070) as it
19 read prior to January 1, 1997, or Chapter 12.9 (commencing with
20 Section 7080) as it read prior to January 1, 1997, shall be deemed
21 to be authorized as an expansion for a designated enterprise zone
22 pursuant to this chapter.

23 (4) No part of this chapter may be construed to require a new
24 application for designation by an enterprise zone designated
25 pursuant to Chapter 12.8 (commencing with Section 7070) as it
26 read prior to January 1, 1997, or a targeted economic
27 development area, neighborhood economic development area, or
28 program area designated pursuant to Chapter 12.9 (commencing
29 with Section 7080) as it read prior to January 1, 1997.

30 (f) Notwithstanding any other provision of law, a city, county,
31 or a city and county may designate a joint powers authority to
32 administer the enterprise zone.

33 (g) No more than 42 enterprise zones may be designated at
34 any one time pursuant to this chapter, including those deemed
35 designated pursuant to subdivision (e). Upon the expiration or
36 termination of a designation, the department is authorized to
37 designate another enterprise zone to maintain a total of 42
38 enterprise zones.

39 SEC. 2. The Legislature finds and declares that, because of
40 the unique circumstances applicable only to certain enterprise

1 zones in the County of Los Angeles, a statute of general
2 applicability cannot be enacted within the meaning of
3 subdivision (b) of Section 16 of Article IV of the California
4 Constitution. Therefore, this special statute is necessary.

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